

At the legislative hearing detailed in the article there was ready

(we got no bids, so moot point on that).
distraction of our proposal to bid nursing home pharmacy to a single vendor
after the feds approved the plan two weeks ago in part because of the
regardless. Strangely we got little protest and no counter proposal until
actions due to revenue shortfall, but would have made a change in pharmacy
announced the change in late November as a part of a broader series of
that this action is not winning us awards of merit with the providers. We
Stauffer survey. The attached newspaper article will surprise none of you
minus 25%, the fee stays at \$5.51. The changes are based on our Meyer &
reimbursement effective March 1 to AWP minus 14%, generics (unless MACed)
We have obtained CMMS approval of a plan amendment to reduce pharmacy

Subject: FW: Medical Pharmacy Article in Arkansas/discussion of lawsuit

Date:

Sat, Feb 9, 2002 9:58 AM

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From: "Hanley, Ray" <Ray.Hanley@medicaid.state.ar.us>

Item: #222

HH014-0233

Medicaid for half its business, will probably close; and another will lose meaning another couple of layoffs. One Dermott pharmacy, that relies on has said it will lay off two employees and another will lose \$29,000, these areas that are already economically depressed." He said one pharmacy to care," Smith said. "You will see the ripple effect on the economy in close or quit participating in Medicaid. "These people will not have access subcommittee that pharmacies will layoff employees and some businesses will Smith of Conway, president of the Arkansas Pharmacists Association, told the offset a \$142 million budget shortfall, the largest in state history. David Thursday to protest reduced reimbursements for Medicaid prescriptions, set to take effect March 1. The reductions were announced in November to help cutting services to poor people to balance the state's budget. About 35 two state senators took Department of Human Services officials to task for plan designed to save the state money, lawmakers were told Thursday. Also, Medicaid recipients will have difficulty getting prescription drugs under a Caldwell Arkansas News Bureau LITTLE ROCK -- Pharmacies will close and Contents
</www.nwaonline.net/search_recent.bsp>
Pharmacists Oppose Medicaid Cuts By Elizabeth Search Stories

Subject:
To: Hanley, Ray
Sent: Friday, February 08, 2002 9:36 PM
From: Hanley, Ray
-----Original Message-----

Ray

Any advice, case histories you might be familiar with would be much appreciated.
the area.
closing in the delta for years due to wholesale population shifts away from that supports this. Truth is drug stores, and other businesses have been predictions a store(s) would close---we think there is a case in Illinois As near as we can tell case law doesn't support this point based only on forward to say "yes, I will close if the new payment system is implemented". expect to happen is they will find the most remote provider, bring him when some stores in the depressed areas of the Mississippi close. What I payments access will be compromised(seeking to make a federal reg violation) The threat is now there will be a lawsuit alleging that if we reduce budget.

PBM's---but I'm also challenged by law to live within the Medicaid allotted living in a market place that has changed markedly with managed care and wife. I'm not unsympathetic, these are good people working hard to make a would have to lay off an employee, and that one of his employees is his most of the other 76%---but that if he had to take same from Medicaid he acknowledged that yes, he accepts less than Medicaid payment levels from response to a question from one of more supportive legislators the gentlemen north of Little Rock, said 24% of his stores business is Medicaid---in hit the issue even better than I could, from up scale college town 40 miles at least as profitable. The president of the Arkansas Pharmacists Assoc. payers for pharmacy and no dispute that even after the change it will remain acknowledgedgement that Medicaid is now the most profitable of all third party

\$15,000 on brand name drugs. A Portland pharmacy likely could close and the next closest pharmacy is 20 miles away, Smith said. "We're talking about health care of our public. We cannot close our eyes to these people," Smith said. Ray Hanley, DHS' Medicaid director, said recent surveys show that the pharmacies will still be able to make a profit with the reduced reimbursement amounts. One reason for the high cost of the program is that physicians are prescribing high cost brand name drugs when generics would do. Hanley said the department has been working with physicians for three years to encourage them to change their prescription habits. Richard Beck, the association's executive vice president and chief executive officer, said Hanley hasn't done enough. He said DHS should require physicians to get prior approval to use many brand name drugs. He said the state could save \$2 million a year if it required physicians to switch to the generic for Prozac, a common antidepressant. Beck and Smith also said the state should raise the reimbursement on generic drugs as an incentive for physicians and pharmacists to switch from name brands. Sens. Terry Smith, D-Hot Springs, and Jodie Mahony, D-El Dorado, criticized Hanley for the way the department has responded to the budget shortfall. Smith asked Hanley if he had followed a 1997 directive from Gov. Mike Huckabee that requires state agencies to determine if a proposed policy change would affect families. Hanley said he had not, but said the cuts were "not inconsistent" with the Huckabee directive. "If we overspend and pay for things that are not medically necessary, that more than anything else, makes it harder to adhere to things like this and provide later services that are necessary," Hanley said. Mahony called DHS "totally irresponsible" for actions it has taken, or not taken, in dealing with the budget cuts. He said Hanley was "discouraging use of generic drugs" for not making it more difficult for physicians to prescribe brand names. Mahony also said DHS should have advocated for Huckabee to call a special legislative session to deal with the Medicaid cuts. Several legislators have said there are millions of dollars sitting in accounts that could be appropriated for Medicaid.

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